

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)
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Local Telephone Competition and)
Broadband Reporting)
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_____)

WC Docket No. 04-141

REPLY COMMENTS OF VERIZON¹

Companies that submit reports under the Commission's Form 477 reporting requirements are virtually unanimous on several key issues of the proposed modifications to the Form 477 data collection program:² (1) More granular data is not necessary for the Commission's data gathering program; (2) the reporting thresholds should be lowered or eliminated and (3) the burdens of reporting data by speed tiers, zip codes and technology outweigh any marginal benefits that may be obtained. No commenter supported the reporting of actual transfer rates observed and all commenters agreed that the Commission should continue its confidential treatment of data submitted under the Form 477 program. Based on these comments, the Commission should decline to impose additional filing burdens on companies, eliminate the reporting thresholds to require smaller providers to report so that it will have a more accurate and complete picture, and retain its existing confidential treatment afforded to the collected data.

¹ The Verizon telephone companies ("Verizon") are the local exchange carriers affiliated with Verizon Communications Inc. identified in the list attached as Attachment A hereto.

² *Local Telephone Competition and Broadband Reporting; Local Competition and Broadband Reporting*, Notice of Proposed Rulemaking and Order on Reconsideration, 19 FCC Rcd 7364 (2004) ("*NPRM*").

1. More Data Is Not Required

A few commenters supported the Commission's proposal to require more granular information, such as the number of connections by speed tiers and technology in each zip code, greater tracking of residential and small business customers and information concerning default long distance carriers. As Verizon has shown, however, the current Form 477 data collection program is more than sufficient to enable the Commission to understand the extent of broadband deployment and already demonstrates that the broadband market is diverse and competitive.³ Thus, the Commission currently has and can continue to collect under the existing Form 477 program the information it needs to fulfill the 1996 Act's goals of reducing government regulation wherever possible, and especially for broadband.

In addition to being unnecessary, virtually all of the companies whose filing obligations would be impacted by the Commission's proposed expansion of the data collection program agree that the proposed changes would increase the costs of compliance exponentially. These companies include incumbent local exchange carriers, competitive local exchange carriers, cable companies, satellite providers and wireless carriers alike. Many, if not all, of the companies, like Verizon, do not track the number of broadband connections, or by technology or by speed tiers at the zip code level.⁴ Requiring the breakout of such data would impose significant costs on

³ See *Verizon Comments* at 3-6. In addition, Verizon agrees with BellSouth that the Form 477 data collection program is the appropriate forum for gathering broadband data, rather than the outdated ARMIS forms that only collect information from four companies. See *BellSouth Comments* at 1-2.

⁴ Cingular Wireless also notes that much of the data that the Commission proposes to gather under Part I of Form 477, *e.g.*, number of lines, zip code information, business versus residential customers, are inapplicable to commercial mobile radio service (CMRS) providers as well as burdensome to track. See *Cingular Wireless Comments* at 2-5. The inability to obtain this type of data from all broadband providers is another reason why the Commission should abandon its proposal to obtain more granular information – any more granular data obtained will necessarily be incomplete. Moreover, the Commission's elimination of any threshold levels for reporting

companies and would not be warranted, particularly since the information is not justified nor needed for the Commission's stated data gathering goals. In addition, a number of the proposed additions, such as speed tiers for broadband and the reporting of "default long distance carrier"⁵ would reveal highly sensitive information regarding the competitive strategies of only telephone companies.⁶ And, the proposal to report the actual transfer speeds observed is not supported by any commenter, as that information is simply incapable of being reported. As noted by a number of commenters,⁷ there exist numerous other ways of tracking broadband and local competition data that can be used by the Commission to supplement its own information without the need to increase the reporting burden on filers.

The Vermont Public Service Department ("Vermont PSD") proposes an even greater expansion. It proposes that the Commission require, in addition to the breakout by zip code, technology and speed tiers, filers to report on the number of connections at the zip code level by *price* as well. Thus, the Vermont PSD proposes that filers report connections by zip code in

would obviate the difficulties mobile wireless providers have in determining when threshold levels are met. (*See Cingular Wireless Comments* at 3-4).

⁵ As Verizon explained, the distinction of being a "default long distance carrier" is meaningless with respect to telephone service provided by mobile wireless carriers or VoIP or cable telephony. *Verizon Comments* at 9; *see also Cingular Wireless Comments* at 8 ("the concept of a 'default' long distance provider is meaningless in the mobile wireless context and provides the Commission with no information germane to the stated purpose of Form 477"). Therefore, the information collected would represent only a subset of local and long distance carriers and would again be incomplete.

⁶ *See Verizon Comments* at 7-9.

⁷ *See, Sprint Comments* at 3 (US SBA and Dept of Commerce studies as well as Pew Internet & American Life Project); *EchoStar Comments* at 4 (details available from industry analysts and investment banks); *Kansas Corporation Comm'n Comments* at 3 (Commission data may be merged with available census or demographic data).

eight different price bands.⁸ In the alternative, the Vermont PSD proposes that a filer be required to first identify the “characteristics of its three most commonly purchased broadband service offerings in each state with regard to price, speed, and technology.”⁹ Filers would then list each zip code in which they offer any of the three services. This proposal by the Vermont PSD, however, suffers the same problems as the additional data proposed by the Commission. First, Vermont PSD has not offered any rationale as to why price or broadband “characteristics” is necessary to evaluate the deployment of broadband in general. Second, the data would be extremely burdensome and costly to collect. As Verizon noted in its opening comments, the reporting by technology and speed tiers at the zip code level would impose tremendous costs on Verizon. This burden would be even greater if the reports had to be further desegregated by price, which can fluctuate to meet competitive market conditions, or by evolving service “characteristics.” Third, pricing information, particularly in combination with speed and zip codes, could reveal sensitive information about the competitive strategies of carriers. This type of competitive marketing information and practices are certainly not necessary for the Commission’s data collection goals. Accordingly, the Commission should not require the filers to report by price bands or by service offerings “characteristics.”

2. Threshold Levels Should be Eliminated

One of the goals of the data collecting program is to gain a more comprehensive understanding of the deployment of advanced telecommunications capabilities and broadband services, particularly in rural areas.¹⁰ Because many providers who serve rural and underserved

⁸ *Vermont PSD Comments* at 5-6.

⁹ *Id.* at 6-7.

¹⁰ *Local Competition and Broadband Reporting*, 15 FCC Rcd 7717, ¶ 4 (2000) (“*Data Gathering Order*”)

areas are smaller providers, it is imperative that they be counted, not only to obtain a more complete picture of rural markets but to fill in the gaps to ensure a more accurate picture of competition in larger markets. All commenters, except the NTCA and OPATSCO, agree that the threshold levels for reporting should be lowered or eliminated. NTCA and OPATSCO argue that the burden would be too great and that the Commission should rely on voluntary surveys. These arguments, however, cannot justify the continued maintenance of the threshold levels. First, the reporting burden would not be unreasonable. The Commission noted, based on its experience from voluntary filers, that only a few questions would apply to smaller carriers and therefore the burden is limited. *NPRM* ¶ 10. Moreover, if the Commission abandons its proposal to increase the reporting requirements, smaller providers would not be subject to increased reporting burdens.

Secondly, voluntary reporting as suggested by the NTCA, whether in the Form 477 program or in any other industry survey, would not be effective to meet the Commission's goals. As the Commission noted in its *Data Gathering Order*, voluntary participation misses a number of carriers and those providers who do participate voluntarily are discouraged from participating further without the required participation from a more comprehensive set of providers. *Data Gathering Order* ¶ 15. Indeed, the Commission has found that under the current voluntary program, the "data collection misses several hundred small facilities-based providers, *e.g.*, rural incumbent LECs, wireless Internet service providers, and municipalities." *NPRM* ¶ 10. Thus, a voluntary program will not meet the Commission's goal of obtaining *comprehensive* and *accurate* information about the development of the broadband and local telephone competition markets. While Verizon is sympathetic to the burdens that smaller carriers, like their larger

counterparts, will face in having to report, in this case, the need for completeness and accuracy outweighs the burdens of reporting.

Conclusion

For the reasons stated above, the Commission should (1) abandon its proposal to obtain more granular data in the Form 477 data collection program; (2) eliminate the thresholds on broadband and local telephone competition reporting; and (3) preserve the confidential treatment afforded to carriers subject to the Form 477 reporting requirements.

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THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Midwest Incorporated d/b/a Verizon Midwest
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.